

REPORT FOLLOW-UP

AGENCY: IDAHO JUDICIAL DEPARTMENT

On December 29, 2003, the Legislative Services Office released a *Management Report on Internal Control* for the Idaho Judicial Department for fiscal years 2001 and 2002. The Department was contacted on March 25, 2004, and this follow-up report addresses how the Department has responded to the one finding and recommendation contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1: Insufficient internal controls over the expenditure process resulted in incorrect and duplicate payments to vendors. The Department made two payments to incorrect vendors and nine duplicate payments. We did not review all transactions and believe there may have been other incorrect vendor payments. Although the dollar amount of duplicate payments discovered was not material, and the payments to the incorrect vendors had been refunded, the number of errors indicated the need to implement internal controls to ensure that expenditures are proper and to reduce the risk that funds may be misappropriated. The Department has procedures in place that could prevent these errors, such as supervisory review and a "pay from invoice" policy, but they were not always applied consistently or accurately.

We recommended that the Department review its accounting procedures, improve application of those controls already in place, and implement additional controls to detect and prevent these errors.

Audit Follow-up: The Department staff has added steps to the expenditure process to address the issues described in the finding. The Department has placed additional emphasis on paying from original invoices only, and date-stamping each original invoice as it is received. The invoice is also researched on STARS prior to processing, to ensure that it has not already been paid. At the end of the month, the fiscal officer runs a report from the STARS vendor file, which lists invoice payments to various vendors, and reviews this report for possible errors or duplicate payments. These additional internal control procedures should help detect errors and reduce the occurrence of duplicate payments.

Status: CLOSED